

Summit County Recovery Project  
c/ Summit County ADM Board  
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January 31, 2006

Committee for Purchase from People who are Blind or Severely Disabled  
Jefferson Plaza 2, Suite 10800, 1421 Jefferson Davis Highway  
Arlington, VA 22202-3259

Dear Committee Members:

My name is Frederick J. Frese III, Ph.D. I am a licensed psychologist in the State of Ohio and an assistant professor of psychology in clinical psychiatry at the Northeastern Ohio Universities College of Medicine.

I am also a retired U.S. Marine Corps Captain. I was medically retired from the Service in 1966, having been diagnosed with paranoid schizophrenia, a condition for which I have been under treatment during the past forty years.

During the past four years I have been serving as a member of the Board of Directors of NISH, formerly known as the National Industries for the Severely Handicapped. I am also currently in my third, three-year term as a member of the National Board of Directors of NAMI, the National Alliance on Mental Illness. On the NAMI Board of Directors I currently serve as the chair of that organization's Veterans' sub-committee

I understand that hearings have been held this month in three locations, Arlington, VA; Dallas, TX; and San Francisco, CA, regarding the qualifications of both central nonprofit agencies and nonprofit agencies to participate in the Javits-Wagner-O'Day (JWOD) Program. Unfortunately previous obligations prohibited my appearing in person to offer testimony regarding the issues under consideration.

Nevertheless, as an advocate for disabled persons, particularly those with serious mental illnesses, I feel I can make some suggestions concerning governance practices of JWOD associated organizations that may improve efforts to accomplish the JWOD's mission of affording maximally humane and dignified working opportunities for persons with severe disabilities. In this regard:

1.) From my four years observing as a National Board member of NISH, I can say unequivocally that this organization is a great benefit and a blessing for persons with severe disabilities. I understand that over 42,000 such persons are currently afforded employment by the Community Rehabilitation Programs (CRP's) affiliated with NISH, and as such, these fine programs are providing a very valuable opportunity for disabled persons. Nevertheless, no program is perfect, and I feel there may be areas where NISH and the JWOD program may be improved. Regarding the Committee's call for comments concerning executive compensation

and nonprofit agency governance, I make four comments concerning such possible improvements below.

- 1.) Regarding the issue of executive compensation costs, I am certainly not an expert concerning executive compensation. However, I can state for the record what to me seems obvious. NISH and the JWOD program have been targets of recent attacks in the *Baltimore Sun* and elsewhere. A major focus of these attacks has been on the high level of compensation paid to administrators in NISH affiliated programs. It seems likely that if the JWOD structure is going to continue to allow administrators in public or “quasi-public” agencies to be compensated at levels significantly higher than those, for example, provided for state governors, U. S. Senators, and U.S. Supreme Court Justices, then the JWOD program will probably continue to be vulnerable to criticism from those who wish to challenge the fundamental fairness of the JWOD program.
- 2.) Regarding the question of good governance practices, the requirement that 75% of the direct labor jobs under the JWOD program, per se, be filled by individuals with disabilities is an excellent mechanism for ensuring that numerous disabled persons are able to become employed. The problem is that by having a required percentage only for direct labor jobs, the system has the effect of restricting disabled persons to what are seen as the less responsible, lower paying, direct-labor jobs. There is no incentive for disabled persons to be promoted or hired into the higher paying, non-direct labor jobs. In fact, since organizations are under pressure to ensure that they have 75% per cent of their direct labor work force be disabled persons, the rules are actually providing a disincentive for an organization to consider having disabled persons working in supervisory, management, and other non-direct labor positions. I would recommend that for JWOD contract agencies, there be a requirement that a certain percentage of non-direct service jobs be set aside for disabled persons and that the percentage of disabled persons hired into these jobs be tracked, monitored, and publicized.
- 3.) Also, particularly considering the large number of seriously disabled veterans now returning from Iraq, JWOD and NISH should be doing more to meet these veterans’ employment needs. Although NISH recently signed a MOU with the Veterans Administration to afford better liaison between these two organizations, there are still far too few disabled veterans being offered employment by NISH affiliated organizations. NISH affiliated organizations should be required to reach out to disabled veterans. NISH should be required to track, monitor, and publish the number of veterans hired by each of the NISH affiliates on a regular basis.
- 4.) Finally, with regard to the make-up of the NISH Board of Directors, I understand that one permanent board position is reserved for each of six established organizations that have traditionally represented groups of disabled persons. These, I believe, are Goodwill, ARC, Jewish Vocational Services, Easter Seals, United Disability Services, and UCP. A problem I see

**is that none of these fine organizations represent persons disabled with mental illness, which make up a very large percentage of NISH workers. When NISH was first established in the early 1970's, there was no effective national organization representing the seriously mentally ill. Conditions have changed greatly for the mentally ill during the past 30 years. The seriously mentally ill now have a large national organization established in 1979. This is NAMI, the National Alliance on Mental Illness. Either NAMI or the smaller, National Mental Health Association, or both organizations, should be afforded representation of the NISH Board of Directors so that seriously mentally ill persons can have a permanent voice on the NISH Board. Indeed all the CRP's should be encouraged to have Board members who represent disabled persons, including persons disabled with serious mental illness.**

**Thank you for any consideration you may give to these thoughts concerning JWOD nonprofit agency governance and executive compensation.**

**Sincerely,**

**Frederick J. Frese III, Ph.D.**

**Cc: Senator Mike DeWine (R-OH)  
Health, Education, Labor and Pensions Committee  
Congressman Ted Strickland (D-OH)  
Congressman Sherrod Brown (D-OH)  
Congressman Steven C. LaTourette (R-OH)  
Anthony (Tony) Young, Assistant Vice President, NISH**